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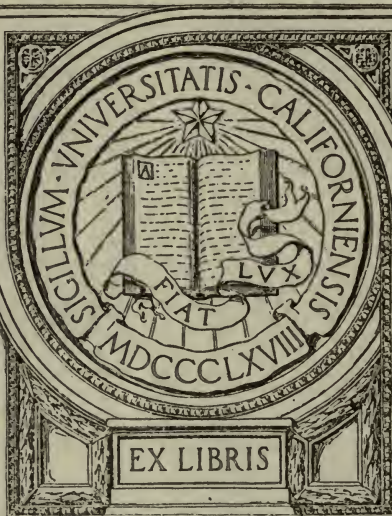
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INDIAN FINANCE.

BY

MR. THOMAS B. MOXON.

[READ JANUARY 12TH. 1881.]

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MANCHESTER STATISTICAL SOCIETY.

Indian Finance.

BY THOMAS B. MOXON.

[Read January 12th, 1881.]

THE study of Indian Finance is one well worthy of our attention, and one too which requires very careful consideration. The surrounding conditions are so dissimilar to those with which we are familiar that, if we would understand the problem, we must put aside all preconceived ideas and carefully qualify ourselves to look at the subject from an Indian standpoint. This is no easy matter. Accustomed as we are to the confined area of our own islands, we do not readily comprehend the immensity and diversity of the interests involved in the one word "India." Even old residents do not shake off this contracted feeling entirely, and herein is found one of the gravest difficulties that present themselves to the student of Indian Administration, almost every author, unconsciously of course, allows local colouring to warp his arguments, and on the strength of particular instances indulges in wide generalisations.

To commence with, we must not regard India as a country, a nation, a state; it is in truth a continent, as large and as populous as the whole of Europe, exclusive of Russia, peopled by as many

tribes, built up of as many states, and characterised by as many peculiarities. It is, as Sir J. Strachey puts it, farther from Lahore to Calcutta than from London to Naples, and there is probably not as much difference between England and Italy, in their physical conditions and in the character of their inhabitants, as between the Punjab and Bengal. The one province of Lower Bengal is as large and more populous than the whole of France.

The total population of India is ten times that of England and Wales, although only 191,000,000 are actually British subjects, the remaining 49,000,000 being governed by native Princes, who indeed acknowledge the supremacy of our Queen, but who, so long as no serious irregularities occur, are allowed to govern their principalities according to their own system of laws and administration.

There is still one more important fact for us to consider at the outset, and that is the dissimilarity between the occupations of the people of India and those of the United Kingdom, as shown in the following table :—

RATIO OF CLASSES OF POPULATION.

Classes.	England & Wales* (1861).		Ireland (1861).		India (1878).	
Professional	2·4	...	1·8	...	3·6	...
Domestic	57·4	...	56·8	...	6·2	...
Commercial	3·1	...	2·2	...	5·2	...
Agricultural	10·1	...	18·3	...	56·2	...
Industrial	24·3	...	12·3	...	13·1	...
Indefinite, Independent, and } Non-Productive }	2·7	...	8·6	...	3·4	...
Labourers (mostly agricultural)	—	...	—	...	12·3	...
	100·		100·		100·	

In India, the professional class includes Government Servants, and half those described as non-productive are actually professional beggars.

* The ratios for Scotland are much the same as those for England

Wide as are the divergencies shown in this table, they fall short of the full truth, for it is believed that fully 80 per cent. of the total population of India is closely connected with the land.

This enormous proportion of agricultural population must of course have a considerable influence upon the system of taxation. We may well suppose that such a population, and under, as we shall see by and by, such unfavourable conditions, is not likely to have much to spare for luxuries and taxes. It is only by the exercise of strictest economy that they manage to exist at all, and it is believed that one-fifth of the whole population is always on the verge of famine.

Nor has our civilized rule been an unalloyed benefit. It is true that we have given peace, and also true, as Dr. Hunter recently said, that consequently in Bengal each square mile has to feed three times as many mouths now as in 1780, and this with little, if any, compensatory improvement in agriculture. It is true that we have given a system of fairly effective laws, but it is also true that under our rule the load of debt has undoubtedly increased, and to-day one third of the landed proprietors are deeply and inextricably in debt, whilst yet another third are also in debt, but not beyond hope of recovery. That is to say, not beyond such hope as is possible where money is borrowed at from 20 to 30 per cent interest.

With a people so poor, and with an aristocracy so embarrassed, it is clear that taxation should only be very light in its incidence, and so it appears to be when we read that it is only 4s. per head; but in all statistics of comparative taxation it is essential that we should find out the relative value of money, as a purchaser of labour, in order that we may obtain an equable standard of comparison. To do this we select that occupation which, whilst fairly exhaustive to the physical frame, requires the least possible amount of skill. Such labour will be remunerated by little more than will purchase the bare necessities of life and offer the very slightest inducement to labour. The wages it earns closely approximate to the cost of the food essential to the full preservation of

health and strength. Selecting the navvy as our representative labourer, we find that in India he receives four annas, or about sixpence, per day; in England he receives 3s. 10d., so that in this respect, in the cost of life-food, the value of money in India and in England is as 7 to 1, and taxation in India at 4s. per head is equivalent to taxation in England at 28s. per head. To put it in another form: 4s. represents eight days' labour in India, and eight days' labour in England equals 30s. 8d., so that 4s. in India is equal to 30s. 8d. in England. We will not, however, press our argument so far, but, leaving a margin for contingencies, will content ourselves with the ratio of 7 to 1.

If, then, we compare 28s. with 49s., that being the rate of public expenditure per head in the United Kingdom, and remember that the larger portion of the population of India is in a position only one remove from that of our agricultural labourers, and that 4s. per head means that each peasant farmer gives nearly a fortnight's labour yearly to the state, we shall hardly think it light taxation for India. If, too, in both cases, we eliminate the charge for interest on debt (other than for productive works in India), we get, as the cost of administration, the comparative figures of 24s. 6d. for India against 33s. for England.

It is true, we are told, that if the native of India will not trade, or own land, or use spirituous liquor, or wear English cloth, &c., &c., his taxation will be reduced to the equivalent of four days wages only, but the fallacy of this reasoning is that, though it might hold good in the case of any single individual, such abstinence on the part of all would only result in an alternative tax being imposed to supply the deficiency, since it would only reduce the revenue without affecting the expenditure.

We are told that our Government makes lighter demands upon the people than the old native rulers; and this is correct, but it must be remembered that what they extracted from the people they spent amongst the people, whilst we draw from India, in pensions, &c., four or five millions a year, for which India receives no equivalent whatever, and almost as much more for services

which, however necessary to our rule, are only of negative advantage to India.*

In fact, it appears that our administration is actually neither light in cost nor compensatory in its expenditure, and it seems very desirable that such alterations should be made as will lighten the burden of taxation and foster the productive powers of the country.

We will consider the present constitution of our Administration and then review the financial system of that Administration.

The British Administration of India is entrusted primarily in England to a Secretary of State, who is a member of the Cabinet. He is assisted in his deliberations by a Council of fifteen members, of whom five form a quorum. A majority of this Council must consist of persons who have been resident in India, and the members are appointed by the Secretary of State for India, for a period of ten years, which he may, if it seems good to him, prolong to fifteen years. They have no executive power—the Duke of Argyll in 1869 denied their power to veto by vote of a majority any acts involving expenditure, and they are not allowed to sit or vote in Parliament. If we remember that Indian Administrators on their return are often rewarded with a peerage, it will be difficult to imagine an arrangement better adapted to evade effective parliamentary control than this Council for India, which, without securing the independent judgment of life members, deprives the House of Commons of experienced criticism and leaves the affairs of this great country to be adjudicated upon by an assembly from which the most competent judges are excluded.

In India the administration is entrusted to the Governor-General, Viceroy of India, who is appointed by the Crown, but who is expected to act under the orders of the Secretary of State for India. In matters of Imperial policy this submission no doubt is given, but in matters of internal policy, owing to the powerlessness of the Council and the ignorance of Parliament,

* See Table of Incidence of Loss by Exchange.

many disagreements arise, and a high official quite recently acknowledged the difficulty of getting the financial policy of the Secretary of State in Council carried out in India.

The weakness of the control in England is not compensated for by the arrangements in India. The Governor-General is assisted by a Council of five members, three selected by the Secretary of State and Council, and two appointed by the Crown. In effect this Council is composed of the heads of the chief administrative departments, and possesses none of the qualities of a European Cabinet. In addition, the Commander-in-Chief of the Forces in India is also a member, ranking next after the Governor-General. For the purpose of making laws this Council is assisted by from six to twelve additional members, nominated for two years by the Governor-General, and of whom half are to be non-official persons, though this is not essential to the legality of any act. At present there are ten of these members, only three of whom are natives of India. They are not allowed, without previous sanction of the Governor-General, to introduce any measure affecting the Indian Debt or Revenue, or by which any charge would be imposed on such revenues, or affecting the discipline or maintenance of any part of Her Majesty's military or naval forces, and the Governor-General may approve, disapprove, or refer to London any measures they pass. This constitution securing a majority to the official members, and the tenure of office being limited to two years, the power of control over the executive possessed by the independent members is very limited indeed, and, practically, the legislature and executive are one.

In certain cases of necessity the Governor-General may himself enact laws to be in force for not more than six months, and when absent from the seat of government he, with one member of Council, can make orders affecting all India. Mr. Maine, in 1867, stated that only cases of special importance were submitted to the full Council.

The Lieutenant-Governors of the various provinces are assisted by similar councils with similar powers for provincial legislation.

Even if we should concede the unsuitability of representative government for Asiatic races, as we know them at present, it must surely be possible to devise some consultative assembly of natives of high rank, and associate it with the administration. The conqueror Akbar entrusted the civil rule almost entirely to the chiefs he had subjugated, and his power was not weakened thereby. But it is not alone in this point we might well learn from that sage eastern potentate. We seem to have constructed our administration on thoroughly military lines, and but one or two statesmanlike minds have grasped the truth, that unless we offer to the higher class natives some openings for their natural and legitimate ambition it will most assuredly vent itself in discontent with our rule.

FINANCES.

In considering the published accounts we are apt to be misled by the the amount quoted as "Grand Total Revenue," for 1878-9, £65,199,602. This includes £4,869,020 net receipts of the Guaranteed Railways, of which actually only £265,327 directly relates to the Government guarantee, being earnings in excess of guaranteed interest. This and other items we can best summarise thus—

Guaranteed Co.'s Receipts (less surplus earnings).....	£4,603,693
Cost of Collecting Revenue	6,441,332
Refunds and Drawbacks	406,562
Receipts in Reduction of Expenditure	8,377,686
Sundries	973
	<hr/>
	£19,830,246
	<hr/>

Deducting this total we arrive at a Net Revenue of £45,369,356, as in the following statement, based upon the Government form of

accounts, but although this form is adopted in some official Returns, we fail to see the reason why the Cost of Collecting Revenue should be included in the deductions. Such a deduction tends to mislead us in estimating the total taxation of the country, though it enables us to see what is the net amount contributed by each tax towards the general revenue.

We should prefer to look at the other side of the accounts, where we find a Total Net Expenditure of £42,619,705 (the Provincial and Local Balances are items allotted for expenditure but not expended), and add to this total the Cost of Collecting the Revenue, giving a true Expenditure for the year of £49,061,037.

STATEMENT OF REVENUE, 1878-9.

Based on Government Form of Accounts.

Sources.	Gross.	Expenses of Collection, &c.	Net.
	£	£	£
Land Revenue, less refunds	22,278,421	2,966,489	19,311,932
Forests	605,433	454,934	150,499
Tributes	703,660		703,660
Excise, less refunds	2,613,414	87,839	2,525,575
Assessed Taxes, less refunds	874,929	37,617	837,312
Provincial Rates, less refunds	2,608,938	64,431	2,544,507
Customs, less refunds	2,261,322	200,417	2,060,905
Salt, less refunds	6,907,774	404,743	6,503,031
Opium	9,399,401	1,698,730	7,700,671
Stamps, less refunds	3,075,271	115,452	2,959,819
Mint	172,335	103,991	68,344
Miscellaneous	374,365	306,689	67,676
Miscellaneous refunds	- 64,575		- 64,575
Total Revenue — £	51,810,688	6,441,332	45,369,356

STATEMENT OF EXPENDITURE, 1878-9.

Based on Government Form of Accounts.

Heads of Expenditure.	Gross Expenditure.	Receipts.	Net Expenditure.
	£	£	£
Administration	1,487,852		1,487,852
Political Agencies, &c.....	448,793		448,793
Allowances under Treaties, &c.....	1,826,484		1,826,484
Minor Departments.....	355,347	84,977	270,370
Law and Justice (Receipts less re- funds	3,437,790	841,612	2,596,178
Police	2,419,119	211,108	2,208,011
Marine	548,703	250,595	298,108
Education.....	978,254	147,425	830,829
Ecclesiastical	155,200		155,200
Medical.....	669,059	44,332	624,727
Stationery	471,470	47,096	424,374
Post Office	1,033,327	911,806	121,521
Telegraphs (Receipts less refunds)...	470,790	371,563	99,227
Civil Furlough and Absentee Allowances	231,561		231,561
Superannuation, Retiring, and Compassionate Allowances.....	1,997,327	667,485	1,329,842
Interest on Public Debt (other than for Productive Works) ...	4,575,069		
Interest on Savings' Banks, &c., Funds	378,952	628,367	4,325,654
Army	17,092,488	974,781	16,117,707
Loss and Gain by Exchange	3,359,144	474,485	2,884,659
Famine Relief	313,420		313,420
Ordinary Public Works	4,318,247	571,076	
„ Irrigation Works.....	630,919	168,619	4,425,495
„ State Railways	226,846	10,822	
ORDINARY EXPENDITURE—£	47,426,161	6,406,149	41,020,012
Payments and Receipts in respect of Guaranteed Railway and Irrigation Co.'s Guarantees	1,047,479	265,327	782,152
Productive Irrigation Works.....	381,550	740,204	
„ State Railways, Gross Payments and Receipts	734,377	966,006	817,541
Interest on Debt for Productive Works	1,407,824		
TOTAL EXPENDITURE—£	50,997,391	8,377,686	42,619,705
Provincial and Local Balances, net surplus			715,405
Surplus Revenue for year			2,034,246
		£	45,369,356

In this statement we find the Gross Revenue set down at £51,810,688, but to arrive at the gross taxation upon the people of British India we should deduct the item Tributes, £703,660, and, some maintain, the whole of the net receipts from Opium, £7,700,671. We demur to this, though certainly £2,390,000 of the Opium Revenue is derived from a duty on that manufactured in native states. However, conceding the point, we arrive at a Gross Revenue, from actual taxation, of £43,707,357. Allowing for the variation between the par value of the rupee, I mean 1s. 10d., and the valuation of 2s., upon which these accounts are based, that shows, upon a population of 191,500,000, a taxation of about 4s. per head.

Here again we meet with one of the disturbing elements in a comparison between English and Indian taxation. Although the receipts from opium may be excluded from our estimate of taxation they are necessary to enable taxation to meet expenditure, so that we must take them into account in any estimate of the cost of British rule in India. They represent about ninepence per head, which, raised to the money value of England, is equivalent to 5s. 3d. That is to say, the cost of Government in England being 49s. 3d. per head, the cost in India is equivalent to 33s. 3d.; or, deducting charges for Interest on Debt—other than for productive works in India—we arrive at 30s. 3d. for India against 32s. 10d. for England; or, deducting provincial rates, as part of what in England is termed “Local Taxation,” we arrive at an Imperial Expenditure of 28s. 4d. in India against 32s. 10d. in England, the local taxation being as 9s. is to 18s. 3d. per head.

Another fact, however, in the consideration of comparative taxation is the relative average remunerativeness of occupation.

From Professor Leone Levi’s Memoir on the earnings of the working classes in Great Britain, in 1877-78, we discover that whilst the average earnings of the agricultural labourer were only £32 per annum, as against £46 in all other wage-earning occupations, the percentage of the former was so small—only $16\frac{1}{2}$ per cent of the total number—that the average earnings for all classes

was as high as £43·70 per annum. In England agricultural occupations employ only 10 per cent of the population, in India 56 per cent. If England stood in the condition of India the average wage earning would be only £33 in place of £43·70, and this gives a fair but not exaggerated idea of the comparative ability to sustain taxation, never forgetting that as the wage decreases the margin above absolute needs decreases in immensely larger ratio, and it is out of this margin that taxation is paid. Taking into account this relative ratio of earnings and also the relative labour value of money, we find that taxation of 33s. in England is represented by the equivalent of 25s. 3d. in India.

The following table may make our meaning clearer :

Per head.	India.	England if as agri- cultural as India.	England as it is.
	s. d.	s. d.	s. d.
Revenue	*4 9		49 3
At English money value	*33 3	37 0	49 3
Cost of Administration, exclusive of unproductive debt	*30 3	25 3	32 10
Cost of Administration, excluding Local Expenditure	28 4	25 3	32 10
Local Expenditure.....	9 0	11 4	18 3

This table goes to prove that, all being taken into account, the administration of India is as costly as that of Great Britain in proportion to her resources.

Before we deal with the several branches of revenue and expenditure we must make important variations in many of the items, based upon a careful study of the detailed accounts. These alterations will be found in the following "Revised Statements," which explain themselves. In addition to the particulars of income and expenditure, we have added a column in which the "Loss by Exchange" is apportioned among the various services, with as much accuracy as is possible with the limited information at our

*These include a small amount of Local Taxation.

command, and we think it will be found both interesting and instructive.

REVISED STATEMENT OF NET REVENUE, 1878-9.

Sources.	Net Revenue.	
	£	£
Land Revenue		19,311,932
Forests		150,499
Tributes	703,660	
Receipts in Native States for Opium	2,390,000	
<i>Less</i> for Troops, about	340,000	
		2,753,660
Excise	2,525,575	
<i>Less</i> on Opium used in India	466,955	
		2,058,620
Assessed Taxes	837,312	
<i>Less</i> for Famine Insurance, about	547,000	
		290,312
Provincial Rates	2,544,507	
<i>Less</i> for Famine Insurance, about	52,000	
		2,492,507
Customs		2,060,905
Salt	6,503,031	
<i>Less</i> allowance to Native States to secure monopoly, about	200,000	
		6,303,031
Opium.....	7,700,671	
<i>Plus</i> Excise on that used in India	466,955	
<i>Less</i> Tax on that grown in Native States	2,390,000	
		5,777,626
Stamps	2,959,819	
<i>Less</i> Court Fee Stamps	2,150,909	
		808,910
Mint.....		68,344
Miscellaneous		67,676
Famine Insurance	599,000	
„ Expenditure	313,420	
		285,580
Miscellaneous Refunds		- 64,575
Net Revenue.....		£42,365,027

REVISED STATEMENT OF NET EXPENDITURE, 1878-9.

Heads of Expenditure.	Rough Proportion of Loss by Exchange.		Expenditure Proper.
	£	£	£
Administration	1,487,852	47,000	1,534,852
Political Agencies, &c.	448,793	2,700	451,493
Allowancies under Treaties, <i>less</i> for Salt <i>per</i> } <i>contra</i>	1,626,484	7,300	1,633,784
Law and Justice£2,596,178			
<i>Less</i> Court Fee Stamps.....	2,150,909		445,269
Minor Departments	270,370	500	270,870
Police			2,208,011
Marine	298,108	30,300	328,408
Education.....			830,829
Ecclesiastical			155,200
Medical.....			624,727
Stationery.....	424,374	40,400	464,774
Post Office	121,521	19,600	141,121
Telegraphs£99,227			
<i>Less</i> Construction Charges ..	50,248	48,979	61,779
Civil Furloughs, &c., &c.....	231,561	48,800	280,361
Superannuations, &c., &c.	1,329,842	261,000	1,590,842
Interest on Debt	4,325,654	554,500	4,880,154
Army—			
Effective£12,838,425			
<i>Less</i> by Native States.....	340,000		
	12,498,425		
By Public Works Depart. ...	1,090,528		
	13,588,953	418,600	
Non-effective	2,603,063	410,000	17,712,335
Afghanistan	676,219	15,500	
Loss by Exchange—Sundry heads not } apportioned here		43,559	43,559
Ordinary Public Works£4,425,495			
For State Telegraphs	50,248		
	4,475,743		
<i>Less</i> for Army	1,090,528		
	3,385,215	17,700	3,402,915
ORDINARY EXPENDITURE.....		1,930,259	37,061,233
Guaranteed Railways, &c.	782,152	805,400	1,587,552
Productive State Works.....	817,541	*149,000	966,541
Net Loss by Exchange		2,884,659	
NET EXPENDITURE			39,615,376
Provincial Surplus Balances			715,405
Surplus Revenue for Year			2,034,246
			£42,365,027

* This Loss is on Transfer of Capital.

Taking the departments in the order in which they are found in these statements, we commence our survey with

THE LAND REVENUE.

This is not only the first but also the most important item in the accounts, yielding nearly one half the net income of the State; and however interesting we may find the Land Question to be in our own country, we shall find it not one whit less interesting or important in our Eastern Dependency.

In India there are nearly eleven millions of tenants whose holdings do not exceed 5 acres, over four millions more whose holdings are between 5 and 10 acres, and upwards of five million tenants-at-will. In Ireland, to which we naturally turn our thoughts, there were, in 1867, 128,734 tenancies of under 5 acres each, 173,475 of from 5 to 15 acres, 136,503 of from 15 to 30 acres, and a total number of 597,118 tenancies. In 1841 the figures were: holdings of from 1 to 5 acres, 310,436; holdings of from 5 to 15 acres, 252,799; holdings of from 15 to 30 acres, 79,342.

In Ireland, as Dr. Hunter recently pointed out, there are 169 persons to the square mile, but in Northern India there are thirteen districts, equal in size to Ireland, which have to support 680 persons to the square mile, without allowing any deduction for waste lands.

In India from the remotest times the sovereign power has enjoyed a share of the produce of the land, which it has taken out of the rent paid by the cultivator to the proprietor, or landlord as we should call him.

The Institutes of Menu, the oldest code of Indian law, fix this share at one-sixth of the gross produce of the land. The Mohammedan conquerors rapaciously raised their demands to one-third, or even more, if they could get it.

This charge was both assessed and payable in kind, and in many states it was part of the unwritten law that a cultivator

should not be evicted for non-payment of rent, though the landlord was entitled to step in and manage the estate until his claims were satisfied.

This form of raising revenue has special advantages in India. It is in consonance with the traditions of the people, and is hardly looked upon by them as an imposition of taxation, but rather as a rentcharge; and this is exactly what it is. The State claims for the use of the commonweal a portion of produce which would otherwise go entirely to the landlord in an increased rent; and as the landlords there never had a claim to all the rental no wrong is done to them.

This source of revenue too does not suffer from the depreciation of money. The forty-six shillings which to-day will purchase a quarter of wheat, in 50 years may only purchase half a quarter, but the life-sustaining power of the wheat will be as great then as now, and a quarter of wheat may then be worth ninety-two shillings. Now, if a State receives its taxes in money, it follows that as money depreciates government officers will require higher salaries, and consequently taxation will have to be increased; but if its revenue is a share of the rental of the land, its income will increase without the necessity of irritating additions to taxation.

This admirable arrangement we found in operation when we entered India, and with characteristic energy we set to work to improve upon it by bringing it more into agreement with our own civilised system.

Under native rule, as we have said, taxes were paid in kind, and amounted to ten-elevenths of the true rental of the land. We have reduced these taxes until they only amount to one-half of the true rental, but, on the other hand, we require payment in cash. The people from whom this revenue is collected are, for the most part, so poor that it is essential that the taxes should be collected immediately after the harvest, and if we remember that more than 80 per cent of the population are closely connected with agriculture, that roads are only of recent construction, that distances are long and railways few, and that out of the 493,429 towns and villages in

British India 480,450 have less than 500 inhabitants each,* we shall see how completely the cultivators are at the mercy of the grain dealers, and how, consequently, our demand for payment in specie is an important counterpoise to the reduction of taxation, and a serious grievance in the eyes of the natives. How far a well devised system of currency could alleviate this not imaginary hardship we cannot here consider, but we must, in justice to our rule, point out that unless carefully guarded, the power to claim rent in produce may, in the hands of an unscrupulous proprietor, be an opportunity for gross injustice.

We have also enacted a law for the sale by auction of estates, in default of payment of taxes. This, to a people who cling so tenaciously to their ancestral lands, is a most bitter humiliation, from which their native rulers spared them, though they sequestered the land until the dues were paid.

On the other hand we have enacted a law whereby a tenant after twelve years' tenancy, shall become an "occupancy tenant;" shall be protected against eviction and rack renting, except by action at law, for reasons and subject to conditions we will shortly bring forward; and we have also fixed the Government claim for revenue for periods of thirty years, subject to revision at the expiration of that time, when the Government assessment may be increased, but not on account of any improvements made by the tenant or landlord, the grounds justifying an increase being held to be, speaking generally, only such as raise the general value of land in the whole district.

There are several distinctive tenures in India which we may notice. In the North Western Provinces (81,778 square miles, 30,787,000 population) the system is called *zemindari*. The proprietor cultivates a portion of his estate, like the demesne lands in Ireland, and lets the rest, either to tenants at will, or on lease, or to tenants with right of occupancy. If he fail to pay the revenue charge, the estate is sold, and he loses his proprietary rights, but

* 448,320 of these towns and villages have less than 200 inhabitants.

is still a hereditary cultivator, with right of occupancy, subject to payment of the customary rent. There is also a *putteedaree* tenure, a kind of village holding, where the village lands are assessed as a whole by government, and the inhabitants apportion the land and charges among themselves. This system affects 90 per cent of the area of these provinces.

All the lands are noted down in the registers of the survey, which contain the name of the proprietor, the Government assessment, the name of the occupier, the amount of his rent, the duration of his lease, the area of the estate and the quality of the land. These registers are in the hands of the village accountant, an old officer retained from the native regime, and are open to the public; the effect of which, we may remark in passing, has been to encourage the spread of education, from the desire of the peasants to read these records for themselves, and so be protected against fraud.

As we have said the government revenue is fixed or "settled" for thirty years, and the occupancy tenants enjoy most of the privileges of the Punjab Tenancy Act, which we will soon consider. In those parts where water is near the surface and can be obtained by digging through a firm shallow soil, the tenant is expected to dig the necessary temporary wells at his own cost; where lined wells (permanent wells) are required, the landlord has the right to build the wells and charge the tenant with remunerative interest. The occupancy tenants are estimated at 1,500,000, holding 4·8 acres each, and the tenants at will at 1,200,000, holding four acres each. The superlative advantage of the revisable settlement, which exists in the greater portion of India, is the direct chain of communication between the highest governing power and the meanest ryot, and we ask your careful consideration of the following descriptions, as from time to time a strong disposition is evinced to do away with this revisable settlement and create throughout all India a class of landlords, absolute proprietors of the land and all its future earnings, in spite of the convincing proofs, as we think, of the disadvantages of that system of permanent settlement, given

by its operation in Bengal. In the North-West Provinces then the head official is the Lieutenant Governor, immediately under whom are the Revenue Board, of two members and a secretary—rather a nominal Board however—followed by eight Commissioners, who communicate with thirty-five District Officers, who in turn each deal with three or more native Sub-Collectors, supervising the Hundreds, which are composed of Townships in the charge of village accountants.

Such an arrangement seems almost essential to the comfort and wise government of a country like India with no system of representation whatever. It keeps the supreme ruler acquainted with the desires and needs of the people, forewarns him of famine, and offers an organised force for whatever public measures he may decide on.

Its cost is of course greater in itself than it would be in what is termed a “permanently settled” district, but the economy with which it enables other duties to be done and other taxes collected far more than compensates for the extra outlay. One cannot pass over the North-West Provinces without remarking on the energy, ability, and public spirit, which, from all we can see, have for long characterised its administrators and their staff. Not to run through the roll of meritorious mention, the last Famine Commission have to declare that only in the North-West Provinces, of all the local governments, have organised measures been taken for the practical improvement of agriculture.

The Punjab, area 107,010 square miles, population 17,611,498, is the last settled province, and, as showing the most matured ideas of the able civil administrators of British India, we give a *résumé* of the important provisions of the “Punjab Tenancy Act of 1868.”

It provides: “That the Act is not to apply where there are already decrees or agreements in writing affecting the tenure of the land.

That if a tenant, his father, grandfather, uncle, and grand uncle, have paid no rent nor service to the proprietor, or has

involuntarily parted with his proprietary rights, and has continually occupied the land or any part of it or other lands owned by the same landlord, or is now the representative of a person who settled on the land along with the founders of the village, or has held the land for twenty years, he shall be deemed to have the "right of occupancy." Any other claim to this right may be submitted to the courts.

The rent of a tenant having the right of occupancy shall not be raised, except by mutual agreement, without decree of court, and for these reasons—an increase in the area of his holdings, when the rent is to be increased *pro rata*, or because his rent is below the usual rent of such soil in same district and under like tenure.

The rent having been raised by decree cannot again be raised until five years have expired.

Abatement may be claimed by a tenant with occupancy rights if the area is reduced by floods, or like causes, or if the productive powers of land have been decreased by powers beyond his control.

Remission of rent may be granted by the court to tenant if the area is reduced, or produce diminished by drought, hail, or other calamity, beyond tenant's control, and full rent is not considered equitable, provided that the land tax (due to government from proprietor) be also proportionately remitted.

Ejectment of a tenant with occupancy rights can only be made by decree of court, because rent is in arrear, and on the proprietor tendering, in addition to the value of the growing crops and tenant's improvements, such compensation as the court thinks fit, being not less than fifteen nor more than thirty times the net annual profit on the average of the three last years of tenancy.

A tenant at will may be ejected by decree, if rent is in arrears, or, when not under ease, by notice given as prescribed,

but he cannot be evicted in the middle of the seasons, unless, while the rent is in arrear, he has failed to cultivate the land properly, and he is entitled to receive the value of the growing crops or other ungathered products of the earth, unless sown or planted after notice to quit.

Compensation for Improvements—If any tenant (or the predecessor of a tenant having right of occupancy) make the following improvements, his or his representatives' rent shall not be enhanced, nor shall they be ejected, until they have received compensation for money and labour expended in improvements not thirty years old at time of enhancement or ejection. Improvements are defined to be water tanks or channels, drainage, protection against floods, construction of wells, reclaiming and clearing of waste lands, and other works of like nature, or renewals, reconstructions, alterations or additions which, though not required for maintenance, increase durably their value.

Disputes as to value of improvements may be referred by either party to the court, which shall determine their value, taking everything into account, including aid given by landlord directly or indirectly, by favourable rent or otherwise.

But a tender of a twenty years' lease at the annual rent then paid bars all claim for improvements made previously to that tender."

This Act was passed during Lord Mayo's governorship. The occupancy tenants in the Punjab are estimated at 540,000, with an average holding of $6\frac{1}{2}$ acres, and the tenants-at-will at 1,100,000, with an average holding of not quite 6 acres.

In Madras and Bombay the tenures are *ryotwari*, and in a less degree *zemindari*. The *ryotwari* tenants hold their lands direct from the government, as occupancy tenants, with rent or assessment fixed for thirty years. They may resign all or any portion of their holding at the end of any agricultural year, and their own improvements are excluded from the valuation when the property is re-assessed by the government officials. They have full power

to sell, mortgage, or let, subject to government rentcharge, and their children inherit the occupancy.

Although the Government assessments were at first unfortunately too high, they have now been reduced to a scale which leaves a fair margin for the periodical deficient crops, if the cultivators would exercise a little thrift. This is an important fact to remember, as some authors, overlooking the re-assessment, have instanced these provinces as proofs of the faulty principle of the system of revisable settlements, whereas the error was one of detail only. Others again have stated that already where the settlements have been revised, an unreasonable addition has been made to the rent, whereas it can be conclusively shown that in every province the average rent has been reduced, the increased yield of the tax being entirely due to the increased area put under cultivation.

The *zemindars* hold about a quarter of the whole territory of Madras presidency. They pay a moderate quit rent, fixed in perpetuity, and sub-let their estates to 1,000,000 cultivators who are at present only tenants-at-will, but will shortly be taken under the ægis of the "occupancy" law.

In Bengal, in 1793, Lord Cornwallis, with the best of intentions, made a permanent settlement, fixing the value of the government share of the rent in money for ever. This he did with the hope of creating a landed native aristocracy, well disposed to our rule, and who would promote the interests of their tenants. After reading everything we can find bearing on the question, we are forced to the conclusion that the scheme has been in every particular a grand failure. To go no further, the Bengal Famine Commission of 1866 declare that "It cannot be said there are two opinions on the fact that the great body of *zemindars* have lamentably failed in the duties expected from them, and which the practice of generations has shown they ignore in fact." Again, "In no part of India is there so little improvement in the mode of cultivating food grains." In 1866 Mr. Geo. Campbell declares, before a commission, that Bengal tenants often will only pay their

rent after judgment, because they can only rely on the receipt given by the court; and in 1853 the Rev. A. Duff, before the Lords' Committee, declares that though the law settles the rent "at the local rate," that is so indefinite that "practically the *zemindars* get what they please," and "though a casual observer, seeing the exuberantly fertile condition of the soil might not think it, the Bengal *ryot* is a down-trodden man. His degradation, depression, and utter dispiritedness make him submit to any illegal exaction of his landlord rather than hazard worse consequences."

This system, under which already 10,000,000 tenants groan, is the system which some commend as the panacea for all the troubles of India. Its effect, so far, has been to put into the pockets of the Bengal *zemindars* £5,000,000 a year, and to lessen the Government Revenue on the other hand by exactly the same amount, which of course has to be made up by additional charges on the other provinces.

Nor is there any real ground for the assertion that the receipts in Bengal from other taxes compensate for this loss, the facts being that, though the density of population in Bengal and in the North West Provinces is almost identical, the total taxation of Bengal is only 3s. 2½d. per head, against 4s. 5d. in the North West Provinces, and against an average of 4s. per head for all India. Nor is there any compensatory saving in the cost of administration, which is £2 14s. per hundred of population in Bengal, against £2 17s. in the North West Provinces, but £29 16s. per £100 of revenue in Bengal, against £19 13s. in the North West Provinces.

Although too, the landlords in Bengal have been richly dowered by this settlement, in 1793 receiving only one-eleventh of the rent or £300,000, and now, seven-ninths of the rent or £14,000,000, we do not find that they have fulfilled the purpose of their creation. The concession was granted to them with the expectation that they would spend more money upon the improvement of their estates, and with such a rental as they now collect it might well be expected that all necessary works for prevention of famine, &c., would have been constructed by them. The truth, however,

is that over £4,000,000 of public money has been spent on Irrigation works in this Province, almost as much as has been spent in any Province of India.

Passing by all this, perhaps the most serious effect of this permanent settlement is, that in Bengal there is no organised staff reaching each and every class of the population. Rulers rule with inaccurate and incomplete knowledge of the population, and the people have little, if any, opportunity of making their needs known to their rulers. "There is no close or intimate knowledge of the people of Bengal on the part of the officers, and therefore there is a want of life in the administration of the province." Such was the verdict given in 1867 by a government official, and again, the Famine Commission of 1880, in their report, refer to "the want of definite agricultural information from Bengal."

This Commission points out that what is required to increase the prosperity of the country is a system which grants security of tenure to the actual cultivator, and it should be noticed, that this security of tenure is quite compatible with revisable settlements.

Undoubtedly the growth of population makes an improved system of agriculture desirable, but peasant proprietors and small tenants do not readily adopt new ideas with, to them, unknown risks. They labour too in India under peculiar disadvantages. Nowhere, perhaps, is the value of manure for the soil more clearly recognised, but so scarce is wood and coal that much of the dung has at present to be used as fuel, though perhaps in time the Forest Commission may amend this.

The Indian Government do not overlook the importance of the scientific agriculture, but, with the usual disposition to anglicise everything, are sending a few natives here to study at one of our Agricultural Colleges, although the conditions prevalent in India have no counterpart at all here, and the money would have done three or four times as much good if expended in India.

The Forest Department is one of great importance, and it is hoped that its operations may, in years to come, prove highly beneficial to the country in their effect upon the rainfall and upon the supply of fuel.

The Tributes paid to the Imperial government by the various native rulers are £703,660. The revenues of the native princes are fully £10,000,000 in all. We have added to this head the amount received for duty upon opium grown in Native States, for though it is grown under the supervision of British officers, they are paid by the native producers, and the impost can only be regarded as a transit duty or additional tribute. We have on the other hand deducted £340,000 which is about the amount these states contribute for army purposes, and which therefore goes to reduce the general army charges.

The Excise duties comprise—License Fees, Distillery Fees, Still-Head Duty, and Duty on Drugs, £268,380. We deduct the duty on opium consumed in India, in order to get the net receipts from opium under their proper head.

ASSESSED TAXES—These are chiefly the much abused license tax of which so much has been said. A license tax is no innovation in Indian finances. It is recognised in Menu, and is identical with the Mohturfa which we abolished some years ago; but it is nevertheless true, that any tax based upon profits is most repugnant to the whole nature of an Oriental, and prolific in deceit and extortion. A roughly graduated capitation tax is the nearest approach to an income tax that the sentiment of the people will admit of, and when government have assessed it in a lump sum upon a given district, leaving the apportionment in the hands of a native *punchayet* or arbitration court, it has proved successful.

In favour of this license tax it must be remembered that it is the only tax levied upon personal property, and that with a minimum taxable income of 500 rupees—equivalent to about £350 in England—a tax of 5d. in the £ cannot be regarded as that grinding exaction which it was at one time described to be. One of the objections, which still exists in a modified form, is the discrimination in favour of professional and Government salaries, where it is only 3½d. in the £ on a minimum of 800 rupees, and with a higher minimum in the case of military servants. What does seem to be wanted is some tax which shall specially fall upon the *zemindari*

rents of Bengal, which, from a somewhat overstrained idea of honor, are almost free from taxation, though they have risen to 37 times their original amount, and the State has had to pay for the shortcomings of their receivers.

As a portion of these assessed taxes were raised designedly for famine purposes, I have taken so much as a set off against famine expenditure.

PROVINCIAL RATES.—These are actual taxes upon land. A large portion of the receipts are appropriated to provincial services, and, reasonably enough, the taxpayers contribute more readily to funds which they see expended before their eyes, than to funds which, whatever may be their ultimate appropriation, lose their identity in the general and Imperial collection.

CUSTOMS.—The chief receipts here are for cotton manufactures, £750,000 ; liquors, £364,000 ; metals, £140,000 ; and from exports—rice and paddy, £563,000 ; and indigo, £43,500.

The receipts from Cotton Duties are reduced, as you are aware, but there is still considerable dissatisfaction with regard to these duties both here and in India.

On the part of India the feeling seems to be that, whilst the protective character of the impost is assigned as the ground of our objection to it, the real reason is the hindrance it opposes to our trade, and the question is not unnaturally asked, Why do you force us to admit your manufactures free, even if it is to our advantage, whilst at the same time you tax our tea and coffee, and tobacco ? You would have us to admit what you have to sell without any taxation, but when we offer you what we have to sell you don't hesitate to bar our way with frightful imposts. Against our modest 5 per cent., you oppose 10 per cent. on our coffee, 17 per cent. on our tea, and 450 per cent on our tobacco. These duties of course are not protective, but are they just towards us ? You say they are requisite to the support of your Administration, and we reply that our duties are essential to us ; give your man his free breakfast table and we will give ours his free shirt.

We should be proud indeed if this paper should induce a less

interested sympathy with India, and contribute to the reduction of unnecessary and extravagant expenditure, which alone makes such imposts as those on cotton imports, and rice exports, necessary or defensible.

It is neither possible nor profitable that a duty should be levied in India on tobacco, seeing that it is grown in almost every garden.

The Export duty on rice is said to be mainly on soft rice for the manufacture of starch, and not on food rice.

SALT DUTY.—This tax yields over one-seventh of the net revenue of British India; it is at the rate of 5s. to 5s. 9d. per maund of 82½lbs. Its total incidence is 7d. per head, which, raised to our values, equals 4s. per head levied upon one of the first necessities of life. It is easy to make out a black case against this tax, but after all the problem appears to be, how to govern a populous poor country if all are not compelled to contribute, at least in some slight degree; and for the most part the population can only be touched by dealing with absolute necessities, their luxuries are so few and untaxable.

OPIUM.—Adding to the receipts the Excise Duty upon opium consumed in India, we find this drug contributes £8,167,626, net, to the Exchequer, close upon one-fifth of the net revenue. Deducting from that enormous total, £2,390,000, the duty levied upon native grown opium, there remains £5,777,626 as the clear balance due to the Indian governmental cultivation of the poppy. In 1878, the last year for which I have returns, 62,300 piculs, or chests, of opium were imported by China—say, Malwa piculs, 30,270, Patna, 18,559; Benares, 11,388; Persian, 2,085; but the crops grown in China itself were estimated at 50,000 piculs in Szechuen, and 15,000 piculs in Yunnan. The Szechuen yield too is equal in quality to that of Bengal, and, although the imports of the year I speak of are under the average, this Szechuen crop is equal to a most favourable crop of Malwa opium. Apart from the propriety of this trade, it is a question how far in face of this native supply we can calculate upon this item of revenue continuing to increase.

It is true that a portion of the opium supplied to China may be regarded as a medicine in the fen countries of China, of whose extent and population we have but little idea. In our own fen districts, on the borders of Lincolnshire, it is said the chemists sell immense quantities rolled into little sticks in pennyworths and twopennyworths, and the authority from whom I quote says, "I have seen fen farmers who were in the habit of buying laudanum by the half-pint or more on every visit to their market town." Of course he does not ignore the deleterious influences of such a consumption of the drug, but to a small extent no doubt it does give relief, and in a country of similar character and such vast extent, where medical science is not usually considered advanced, it is quite possible that a fair quantity is used as medicine. It has been noticed as a fact that in the hot summer weather the consumption of the drug perceptibly diminishes.

The duty we levy upon opium makes the cultivation in China so profitable that (and it is a lamentable fact) the poppy is cultivated to excess in place of food grain, even in districts subject to famine, and the well-meaning attempts of Chinese officials to alter this state of things are frustrated by the peasants, who do not hesitate to resort to arms to protect the poppies. This, too, in a country where distances and want of means of communication are almost insurmountable obstacles to the distribution of food in seasons of scarcity.

It is very questionable if chinchona (Peruvian bark), now being cultivated in India, will bear a duty that would in any degree compensate for the loss of the opium revenue, although as a government monopoly its growth may be remunerative.

STAMPS.—It will be noticed that £2,150,909, credited under this head, is the proceeds of Court Fee Stamps, and has accordingly been transferred to the head of Expenditure for Law and Justice. It is said that the stamp duty upon arbitrations has been unreasonably increased, and if this is so, it is a serious injustice, as the native *punchayet*, or village court of arbitration, was a cheap tribunal which, from thorough acquaintance with local men and

affairs, was capable of giving decisions quite as equitable as those of our more cumbrous system.

FAMINE INSURANCE.—The revenue under this head is a portion of the License Tax—about £150,000 is contributed by Bengal. Why this should be levied upon traders instead of upon the favoured *zemindars*, we are not prepared to explain. The total net receipts under this head being in excess of the expenditure we have treated the balance as revenue.

Turning to the other side of the accounts, the first item of expenditure is for administration. This includes the salaries of the Secretary of State for India, in England, with his Council and the charges of the India Office, amounting in all to £218,352. It may be remarked, quoting from Mr. Fawcett, that the salaries in this office are from 20 to 30 per cent higher than for similar services in our own Government offices, also in London. This head also covers the salary of the Governor-General, £25,000; allowances for his staff and household, £16,639; and for Durbars, or State receptions, £11,000; in all £52,719. But to this must be added £119,079 for tour expenses, including extra allowances to clerks and servants. The expenses of the Lieutenant Governors and of the general Imperial administrative departments are also comprised herein.

The "Tour Expenses" arise thus—The Supreme Government is seated at Calcutta, a place which is condemned as unhealthy by a great concourse of European and native testimony. In summer the climate is so enervating to Europeans that were the Government to remain there it would be at a considerable sacrifice of efficiency and vigour. Accordingly, about fifteen years ago, Sir J. Lawrence instituted the summer tour to Simla, which is nearly 1,100 miles away from Calcutta, and in 1867 he claimed that his expenses did not at all exceed those of his predecessors, and that the trip to the hills had materially increased the working power of the Europeans. So far this is a thorough justification of the alteration, but it does not take into account the disorder, inconvenience, and delay, consequent on moving the Executive of a

great government twice in a year over a distance of 1,100 miles. At that time too Simla, though so far off, was the nearest accessible hill station, but now a railway has been constructed to Dargeeling, only 320 miles from Calcutta, which appears to have every possible advantage as a sanatorium. Why then if the Supreme Government must be in an extreme corner of the continent, should it not be located there? Beyond the fact that Calcutta has always been the metropolis little can be said in its favour. It is unhealthy, situated away from the centres of eastern political activity, avoided by many high-class natives, in the midst of a people who do not correctly represent the feelings, ideas, or circumstances of the natives generally, and whose advice, when followed, has proved to be anything but wholesome, but it is the old capital, it is on the water way of the Ganges, and it has an European public opinion of more or less value.

POLITICAL AGENCIES.—These charges may be roughly generalised as salaries for ambassadors, termed “residents,” at native courts, political allowances, subsidies to hill tribes, &c., &c.

ALLOWANCES UNDER TREATIES.—We have deducted herefrom and from the Salt Revenue £270,370, being, as near as we can judge, the amount paid as compensation to native potentates for the surrender of their sources of supply.

Before dealing with the various heads of Civil Expenditure, we must consider the composition of the Civil Service, particularly as to the employment of natives in high office. It is true that the civil service of India is to a certain extent opened to competitive examination but this, as far as it affects the natives, is most delusive. Refer to the regulations, and see how the marks are apportioned; purely English subjects 900, Greek 600, Latin 800, French 500, German 500, Italian 400, Mathematics 1,000, Natural Science, not over 800, Logic 300, Sanscrit 500, Arabic 500. These form a very fair test of an English education, but is it likely, is it desirable that natives should devote their attention to these subjects, half of which will not be of the slightest practical use for them in public service? Moreover, such an examination proves

nothing as to the administrative capacity of the candidate, and many of the high class natives possess this ruling ability in no small degree, as Sir Geo. Jacob, Sir Bartle Frere, Sir Richard Temple, and many others have freely testified. It seems as though we could not shake off the idea that all Orientals are unjust and untrue. It is convenient to forget that Clive found the European civilians under paid and corrupt; that the Chinese Foreign Custom service, with few European supervisors, is a success, that even the Turk, with regular pay and strict justice, proves honest under the control of Mr. Laing.

Akbar the Great, the conqueror, entrusted his civil service to the natives, and was faithfully served. His dynasty reigned 500 years and fell not from the defection of the Hindoo civilians.

To pass by argument after argument, we may sum up in Sir Bartle Frere's words in 1859: "Unless we can keep India principally by native agency, in whose fidelity we can feel the same reasonable confidence we felt when building our empire, we shall soon become weary, if we do not become incapable, of holding it."

Is it conceivable that all the ambition of cultivated Indians will for ever submit to a government from which they are excluded? The native peasants have reason to bless our rule; we need only to give the nobles their just share of our benefits and honours and they too will be bound to us.

It is true that this question has been often raised; true too that the opposition is not all from the Indian Service, for the Duke of Argyll vetoed a recent attempt to admit natives; and true too, we are glad to say, that, under Lord Lytton's administration, it was resolved that no one not a native of India should be appointed to any judicial or administrative branch of the uncovenanted Civil Service, without the previous sanction of the Governor-General in Council; and, later, provision has been made for the appointment, by selection on probation for two years, of natives to the extent of one-sixth of the civilians appointed each year. These natives are to be eligible for any post except Secretary to a Governor, Chief Magistrate of a District, Commissioner of a

Division, or Commissioner of Customs, and to these posts they may be admitted after sanction of Governor-General in Council. Such a decision redounds to the fame of its author. But what is one-sixth? Only a very small instalment of justice. Safety would be fully secured if one-sixth were the proportion of appointments reserved to Europeans.

We leave this part of our subject with regret. So much might be said of the merits of the natives, and of their loyalty when once that loyalty has had trust reposed it; so much of the saving in salaries (estimated at fully one-third), and consequently upon pensions, and in furloughs, which their employment would contribute to. And yet we should like it to be understood that we do not grudge Europeans their rate of pay and pension. The talents exhibited by many administrators, whose names we have hardly heard of, are cheaply purchased by present salaries. Our objection is to the most unnecessary number of Europeans who are employed.

MINOR DEPARTMENTS.—This expenditure includes cost of Surveys, say £150,000; Model Farms, Experiments with Cotton, Tea, Silk, Chinchona (the latter most successful), and £1,655 “Exploring for Coal.” A country which spends nearly £18,000,000 on its army, and which impoverishes its land for want of fuel, spends £1,655 in one year in exploring for coal! Why should not the example of Queensland be imitated? That colony has offered £5,000 for the first 500 tons of native manufactured iron. That, however, necessitates the non-interference with commercial enterprise which certainly is not sufficiently understood and practised in India.

LAW AND JUSTICE.—In this Department native talent—and there is a peculiar adaptability in Hindoos for legal pursuits—has been freely made use of. Of course, in the minor courts, a full knowledge of the vernacular is far more essential than a knowledge of English law, and Sir H. J. S. Maine, who was, I believe, legal member of the council, remarked in 1871, that, except where the Indian legislative council had interfered, and of late it has done so rather freely, the English domination of India at first placed the

natives under a less advanced regimen of civil law than they would have had if they had been left to themselves—a strong testimony to the equity of the principles of native law. We have before referred to the native *punchayets* or arbitration courts. These properly consist of five assessors, two representative of the plaintiffs, two of the defendants, and one selected by these representatives, but in many cases any number of reputable residents are allowed to sit, the discussion is carried out in public, and the judgments are characterised by a high degree of excellence.

POLICE.—These number 143,000, averaging one to each 1,100 of population, or to every nine square miles, taking in whole area. It may be noted that one third of this force is armed with firearms, and whilst their value may be increased thereby as auxiliaries to the army the detective element proportionately languishes. In justice some of the charge should be transferred to the Army Department.

EDUCATION.—In British India there are about 35,800,000 boys and 31,200,000 girls under twelve years of age; of these 1,700,000 native boys and not over 85,000 girls are on the rolls as scholars of the various schools, of which there is one to every fourteen square miles on average, as compared with one inspected school for every six square miles in the United Kingdom. The population of British India is six times as large as that of the United Kingdom, but there are only half as many scholars in all India as in England.

Of the net expenditure of public money for education in India only one half is expended on lower and primary schools, whilst in England five-sixths of the expenditure is so applied. It should, however, be remembered that India has not the independent universities and colleges to fall back upon which we possess, but relies upon Government to provide all. Still there seems some justification for the complaint that too much attention is paid to high-class and too little to elementary education. One point more, we believe all the high-class teaching is in English. If this be so it is much to be deplored, as unnecessarily limiting the results. It is surely not essential to cultivation and civilisation that one should be a proficient in the English language?

ECCLESIASTICAL.—This is principally contributions to the Church of England in India.

STATIONERY.—The stores bought in England cost £188,000. Apart from the cost of handling those stores here, the loss by exchange on this item alone is about £40,000. We are told that the stores can be bought cheaper here than in India, but we more than doubt it, if these two charges, handling and loss by exchange, be included, and even if it be true, seeing that all materials for paper making abound in India, it would show greater foresight to offer native industry the encouragement at least of purchasing in India, instead of positively discouraging it by buying in Europe.

This is, however, only another instance of the way in which the interests of India suffer through a determination to Anglicise everything.

Since we have referred to the Stores Department we may say that evidence was given in 1872 to this effect :—The amount of stores sent to India was about £1,400,000, of this £500,000 to £600,000 went direct from the government manufactories, leaving £800,000 to be dealt with by a department, which costs £148,404. Manchester merchants will not readily believe that goods subjected to such “packing” charges were cheaply delivered in India.

CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.—These are almost entirely paid to Europeans, and are increased, by £48,800, by estimated loss on exchange. We repeat, we do not think the allowances are too high—not at all; but they are too many, and that will only be remedied by the employment of more natives.

SUPERANNUATIONS, &c., &c.—These, as will be seen in the first Statement of Expenditure, are largely reduced by contributions to special pension funds. The only complaint is, that they go almost entirely to Europeans who have left the country, so that more than a quarter of a million must be added to them for loss by exchange. The employment of native officials would extinguish the loss by exchange, reduce the cost of pensions, and retain the money to circulate in the country.

INTEREST ON DEBT OTHER THAN FOR PRODUCTIVE WORKS.—

The average rate paid upon the debt proper, irrespective of loss by exchange, is £4 7s. per cent ; the rate for the deposits of service funds, savings banks, &c., on which there is no loss by exchange, £4 17s. The receipts in reduction are £237,758, being profits on note circulation, and £390,609, payments for interest on advances chiefly to Municipalities and Native States. Apart from the Government Securities held by the Paper Currency Department amounting to £5,865,000, it is believed that the natives of India hold £20,000,000 of Government Stocks, and we cannot but think that with half the disposition to popularize and facilitate dealings in Government funds which we see in France, India would have no need to borrow in England.

Although distances are so great, and an Oriental's disposition to conceal his wealth so strong, only the very slightest attempt, as far as we can see, has been made to popularize coupon bonds, and when loans have been issued in India, they have been offered in such a way as in practice to be left to great capitalists, who profit largely, instead of being offered really to the public, as is done in France in every department.

It is interesting to notice in connection with the recent $3\frac{1}{2}$ per cent loan issued in London at £103 12s., with silver at 52d. per ounce, that if silver should rise to 60d. again, as at any rate is possible, the loan will only cost India a little under 3 per cent ; and if it should still be at 60d. when the loan is repaid, the Indian Government will save £13 on every £100 it has to repay, because, with silver at 52d., for every £100 gold received they can send out 1,230 rupees, and with silver at 60d. they will be able to buy £100 gold with 1,066 rupees.

A great question is, should England accept the responsibility of India's debts? When India can raise money at $3\frac{1}{2}$ per cent, it hardly seems necessary to base the question on the ground of economy. The strongest argument appears to be, that if England plainly accepted the responsibility, which many believe she has practically incurred, Parliament would exercise a supervision over

Indian expenditure which at present it sadly stands in need of. If it was necessary for Imperial purposes that India should, at considerable cost to herself, amalgamate her army with the general forces, surely she may ask for the compensatory relief which a British guarantee would afford.

ARMY. —And now we come to the Army, which represents one-half of the net ordinary expenditure of the country, costing £17,712,335 a year, inclusive of £828,600 estimated loss by exchange. A popular idea is that for our yearly expenditure in England of £15,000,000 we get an army of 200,000 men ready to go anywhere, but the fact is, this expenditure only secures the services of 140,000 men, the other 60,000 being supported out of the Indian revenues. Our European and Native Indian armies are composed of 325,000 men—say 200,000 Europeans and 125,000 Natives—and the total cost of the two armies is £33,000,000. In 1879 the German army on a peace footing numbered 400,000 men, and cost under £17,000,000—the French army numbered 469,000 men, and cost £21,500,000. It is true that these two European armies are based on compulsory service, and that the rate of pay is barely enough for subsistence, but still the comparative cost and the comparative numerical results excite remark.

Up to 1858 the East India Company had its own independent army, whose courage and ability made our Indian Empire, but after the mutiny, against the strong representations of such men as Sir J. Outram, Major-General Vivian, and Colonel H. M. Durand, this army was merged in Her Majesty's general forces. Sir J. Outram's words were almost prophetic. "The amalgamation of armies will entail heavy burdens on Indian finance, prove otherwise injurious to the best interests of the people of India, and tend greatly to shake the stability of British power in the East."

The "heavy burdens" soon appeared. Sir T. T. Peers, in 1872, testified that the cost of recruits under the old East Indian Company's system, allowing for enhanced prices, would be £40 per man; under the new regime the actual cost was £67. Again, in

the same year, 1872, the Commander-in-Chief in England thought it necessary that first captains should be raised to the rank of majors, their duties remaining just the same. The Duke of Argyll declined to increase in India a pay, already sufficiently liberal, on the ground of a mere verbal alteration in rank, but "rank carries pay," and forthwith a terrible hubbub arose, not nearly so bad however as the mutiny of British officers in the days when Clive interfered with their pay, and when, by-the-by, that uncompromising commander committed the mutineers to the care of his faithful sepoys. More fortunate in 1872, the officers got their pay, and £50,000 a year was added to the cost of the Indian army.

Whatever, too, may be the merits of the short service system as regards England, it is clear it must perceptibly increase the cost to India, who has to defray the transport of her troops both ways, a charge amounting, in 1878-79, to £350,000. But beyond the financial loss, she suffers seriously in other respects. The line pensioners have all their ties in England, and return to settle here, abstracting a part of their pension from India, and depriving her of the moral support which she derived from the pensioners of the old local army, who settled in India and intermarried with the natives. Nor do the officers manifest the same interest in a country to which they are so lightly tied. Sir J. Lawrence and Sir J. Outram, in 1859, said: "Royal officers, as a body, know nothing of the language, customs and feelings of the natives. They live in a perfect state of isolation from them, and return home practically no wiser than when they started;" and short service can only intensify that evil. What are the tangible advantages derived from the union of the two forces, we confess we cannot see.

It is true that a recent commission has suggested alterations in the Indian army which would save £1,500,000 a year, but its report is not published yet, and so late as March, 1880, the Commander-in-Chief in India expressed opinions in council clearly showing that he was indisposed to accept any such propositions.

Lord Canning, Lord Northbrook, and Lord Mayo have all

recommended a reduction of the army rather than the imposition of more taxes; Sir T. L. Seccombe, late Financial Secretary, considers a reduction of military expenditure desirable, particularly in the home charges, but still nothing is done. Nothing, except that *The Times* of the 25th November, 1880, refers to proposals for increasing the number of European officers, on account of the experiences in Afghanistan, though its own correspondent, a few days before, hints that the staff corps system is not without responsibility for the defects, as might well be the case, seeing that it makes to an officer's interest to qualify himself for staff or civil employment, rather than to endear himself to his men in the way our pioneers in India did with such brilliant results, and in a way which is essential to the able handling of native regiments. General Sir F. Haines declares he never yet heard a commanding officer say a good word for the staff corps, but still it continues.

The fact appears clear that the great cost of the army is in the European portion. Why is the European army so large? Why is the whole army so large? In 1853 Lord Dalhousie said a railway from Calcutta to the North West Frontier would enable him to make great reductions in the army—one officer said to the extent of 50,000 men. Then there were no railways in all India, now there are 8,545 miles open. We cannot find the numbers of the army in 1852, but it then cost £11,000,000 and now costs nearly £18,000,000. In 1857 there were 52 telegraph stations only, now there are 250, and 18,600 miles of line. Hardly any town of importance is more than a few hours' ride from a telegraph station; roads, too, have been made and improved to a large extent, but all this effects no reduction in the army charges.

We have no wish to say anything as to the pay or pension of Europeans; both are liberal, but the money is well spent if thoroughly efficient officers are secured; what we object to is the number of Europeans employed. Actually it was testified by Sir T. T. Pears, the Military Secretary, before a Commission in 1872, that one-fourth of the total number of officers charged to India were on furlough in England at one and the same time, and

this too whilst very few non-commissioned officers and no privates needed, or at any rate obtained the privilege, and when such men as Lord Elphinstone could spend thirty years in India without furlough, at a time be it remembered when there were not the advantages of short service reliefs to England.

If the European army must be so great in order to control the native portion, we may again quote—from Sir Bartle Frere, we believe—"The idea of keeping one portion of an army to watch another and guard against its proving faithless, seems utterly inconsistent with any possible conditions of permanent security," and if we must regard another mutiny as possible, we can conceive of nothing which would accelerate such a step more than our present internal administration of the army. Whilst it is in evidence that the pay of the British army has been largely increased during the last seven years, it is also in evidence that, allowing for rise in prices, the native troops were no better paid in 1875 than in 1795. Down to 1875, and I am aware of no change since, no native soldier was pensioned whilst he could carry arms, and if not invalided at the expiration of fifteen years' service his pension did not increase until after forty years' service, which, to Asiatics, is equivalent to refusing any pension for service at all. What better scheme could have been devised to increase invalid pensions and make old soldiers disseminators of disaffection? If we add that "the pension of a native officer was so small as to compel him to retain his post when inefficient, and at last to retire on a pittance which barely enabled him to exist," we complete a picture of an army whose loyalty is a virtue on which we have no right to count. We fear these iniquitous regulations still exist.

Sir J. Lawrence in 1859 also objected to native commissioned officers being discarded—"Unless human nature is altered there must be prizes for ambition, or discontent," he said; but so late as 1875, Major-General P. S. Lumsden (Adjutant-General) says: "How can native officers, with regular troops, be able when they are subordinated even to the sergeant-major; in irregular troops, where he has been properly treated, he has been greatly prized."

Much more testimony, equally favourable, is easily to be found—so early as 1783, Col. Fullarton established, by means of the natives, a complete *and effective* intelligence department, and plenty of instances could be given of the loyalty of native officers in the time of the Mutiny. The Indian is no less susceptible to generous, honorable treatment than ourselves, and only needs opportunity to prove his mettle and his loyalty.

Of course, the bogey of the Mutiny is held in our face ; but men of undoubted ability—before the Mutiny—denounced the discipline of the Bengal army as faulty, and its composition as bad ; one race being allowed to become predominant in its ranks. If, indeed, natives are never to be trusted, we shall, as Sir Bartle Frere said, “soon find the burden of holding India too great to be borne.” There is another course equally efficacious and far cheaper than the employment of Europeans, if foreign forces must be kept up, and that is the enlistment of negroes and natives from the Cape, as has long since been suggested.

The next objection to the reduction of the general army is the size of the combined armies of the native princes, aggregating 315,000 men, and 5,300 large guns ; but, in the first place, many of these troops are only equal to an armed police force, whose duties they fulfil ; and in the second, most of the native princes are too well contented with a vassalage which imposes little restriction upon them, and guarantees their territory from the grasping hands of ambitious neighbours. As a fact too all the larger native armies were found on our side in that Mutiny which surely must have been a sore temptation to doubtful allegiance. Fully one-third of these troops acted vigorously for us, another third were under the temporary rule of Englishmen at the time of the Mutiny, and no inconsiderable proportion of the remainder were true to us. Can we ever forget the Raja of Jhind, the first person who moved against the mutineers at Delhi, or the Begum of Bhopal, who held true to us when her army mutinied, and her family strove to arouse her religious hatred, or the Raja of Gwalior, who cast in his lot with us and cajolled his army out of their resolution to

march against us? Such are the princes whose allegiance we are asked to doubt. It is difficult to abstain from filling a page or two with the long list of princes and chiefs whose loyalty is summed up in the words "did good service in 1857."

Whatever military men may say, our hold upon India must be the affection of her people, not the magnitude of our armies. Read the life of Colonel Meadows Taylor to see the fidelity of natives to one who proved his love for them. He was a man who, by moral force alone, held together a whole district full of latent disaffection, and not only held it but obtained most valuable supplies for our troops from it. For such a life-long, able service as his India can ever afford to pay even larger salaries than those now paid, but such men are rare.

Before leaving this subject we must refer to the great expenditure in England, amounting, including loss by exchange, to over £4,600,000, fully half of which is for "non-effective" payments.

LOSS BY EXCHANGE.—The following table, which only claims to be approximately correct, apportions this loss amongst the various departments, and merits a careful study. The £15,000,000 which India yearly pays to England is here divided, and we see to what items of expenditure the loss by exchange is chiefly due. It will be noticed that only £554,500 (little over one-fifth of the whole loss) is attributable to payment of interest on loans; and it may be remarked here that the great loss on remittances for the Guaranteed Railways is to a certain extent compensated by the gain in former years on the same account, as we shall hereafter explain.

We have only time to regret the disappearance from the Home Accounts this year of the two examiners and two assistant-examiners of malt-liquor, who presumably have fallen victims to duty. They were required to examine 2,000,000 to 3,000,000 gallons a year, and the fact that English beer at Simla sells at 9 rupees per dozen, whilst good native brewed yields a handsome profit at 5½ rupees, is a sufficient comment upon their professional ability and upon the economy of the system.

ROUGH CALCULATION OF THE INCIDENCE OF THE LOSS BY
EXCHANGE ON THE SEVERAL DEPARTMENTS, 1878-9.

	Net Payments in England.	Loss by Exchange.
Administration	£218,351	£47,000
Minor Departments	2,247	500
Marine	144,002	30,300
Stationery	188,024	40,400
Political	12,935	2,700
Superannuation, &c., Allowances.....	1,218,445	261,000
Miscellaneous	26,874	5,700
Civil Furloughs, &c.	227,079	48,800
Stamps.....	41,645	8,900
Post Office	91,356	19,600
Telegraphs	59,409	12,800
Treaty Allowances.....	34,064	7,300
Interest on Debt.....	2,578,805	554,500
Army—Effective	£1,970,750	
„ Non-Effective	1,936,074	
	3,853,964	828,600
„ Afghanistan	72,086	15,500
Public Works, Ordinary	82,370	17,700
Guaranteed Railways.....	5,664,932	805,400
State Productive Works	692,896	149,000
	£15,209,484	£2,855,700
Operations on Capital Account.....	371,967	80,000
	£14,838,517	£2,775,700
Balance of Remittance Account	572,000 }	108,959
Sundries	54,241 }	
	£15,464,758	£2,884,659
Bills on and from India.....	£15,464,758.	
Net Loss by Exchange	2,884,659.	

ORDINARY PUBLIC WORKS.—This, in the first instance, represents the cost of works, which, though of undoubted utility and even necessity, can never prove directly self-supporting, and are therefore charged in the regular expenditure of the year. The money is chiefly spent in the repairing and making of roads, civil buildings, &c., &c. The establishment charges are very high, but we shall deal with them in considering “Productive Public Works,” *i. e.*, works which it is anticipated will pay their way. It should be remarked though, that when works, projected as remunerative, disappoint the judgment or belie the calculations of their official promoters, they are turned into this category of Ordinary Public

Works. We have unfortunately not been able to find the information which would enable us to state the total sum sunk in these abortive enterprises and consigned to the convenient *oubliette* of this department.

GUARANTEED RAILWAYS.—When railways were first introduced into India, the interior being little known, and most of the first lines being constructed for Imperial as much as for commercial purposes, it was quite reasonable and necessary that the money should be raised by the aid of a Government guarantee. The Government reserved to themselves certain control, and although as pioneer lines they were somewhat expensively constructed, they have been fairly remunerative, in one or two past years hardly requiring as a whole any contribution from public funds on account of this guarantee. In the near future they may be expected to prove a certain source of revenue instead of expenditure. It should be remarked, in reference to the loss by exchange on this head, that the usual rate of exchange named in the contract between Government and the railways was 1s. 10d. per rupee, so that though of late years there has been a loss on exchange, against it must be set the profit made by Government in past years. It may be a question whether Government or the companies themselves, in their own interest, should not reduce the rates of carriage in some cases. In India the rates for grain are 22s. per ton for 450 miles, whilst in America, where we have similar long distances, the rate is only 10s.—a difference heavily handicapping India in the grain export trade.

Nor are we without proof in India itself of the advantages of lower rates of carriage. Mr. Danvers, the Government Railway Director, in his report for 1878-9, says : “ Whilst the East Indian Railway, with a 3 pie rate ($\frac{3}{8}$ d. per mile), has increased, during the last 5 years, 21 per cent in number of passengers and 19 per cent in receipts, the Oude and Rohilkund, with a 2 pie rate, has increased 25 per cent in numbers and 50 per cent in receipts. As is not unusually the case, it transpires that this railway is not only liberally but also economically managed.

Latterly Government have constructed State lines in place of giving guarantees. A consideration of our next section will assist us in arriving at a conclusion as to whether the new system conduces to economy and success.

PRODUCTIVE PUBLIC WORKS.—These are works that, as we have before explained, are expected to pay their own way. They, as well as the Ordinary Public Works, are in charge of the Public Works Department, established in 1864, which comprises a Military Works Branch, a Civil Buildings and Roads Branch, an Irrigation Branch, and a Railway Branch.

When Government first began sending out engineers—for, of course, no one ever thought of looking for native or local men—there were already plenty of them in the country, in the opinion of Mr. Sowerby, an engineer with Indian experience; and he refers to one work which took six years to complete, that could have been made in six months, but the officer in charge had nothing else to do!

Now if there is one thing more than another that Indians understand, from centuries of training, it is the science of irrigation. Their abilities have been often acknowledged. Our most profitable irrigation works are based upon those of ancient rulers, and it has been said that the native works at Hyderabad are quite as stupendous, quite as good, and a great deal more skilfully constructed than those at Poonah, the work of our own engineers. Add to this they know the vernacular, are acclimatised, and cost less than Europeans, and you can sum up the advantage of their employment. Not only were they and the locally employed Europeans rejected, but an establishment was opened in Bombay which would probably have accommodated all the engineers in Great George Street, and in one year all the work this great office had to do amounted to £900,000, not full work for one single leading English engineer. In fact, Mr. Sowerby, speaking in 1879, said: "The engineering staff now employed by Government would be sufficient to carry on works to the extent of £30,000,000 a year, if fully employed." In 1879 the total expenditure on public

works of both classes was £9,557,910, including establishment charges. In 1877-8 establishment charges were £3,270,000, exclusive of pensions, so that the actual work done was only £6,287,910, that is to say, establishment charges were nearly equal to 50 per cent on the work done. It is true that economies are contemplated to the extent of nearly £500,000, but part of it is to be by dispensing with the Public Works Member of the Council, which looks rather like economising by dispensing with control.

Of course a staff thus created regardless of expense, could hardly be expected to be economical, and so we find Mr. Sowerby testify. "The cost of supervision, which under me was $7\frac{1}{2}$ per cent, rose to $25\frac{1}{2}$ per cent under the Public Works Department, though the price of labour had considerably fallen meanwhile;" but Mr. Sowerby says, page 27 of the East India (Public Works) Report, 1879, "this fact was noticed in the *Times* of India, and in the next year they managed to alter the form of the accounts, so as to apparently reduce the cost to 18 or 19 per cent, whereas, in reality, the expense continued the same."

With such liberal establishment charges it might be fairly anticipated that great ability would be ensured, but at the end of 1871, Public Works, which were originally estimated to cost £4,165,141, had actually cost £6,462,750, and were not all then completed. Mr. Sowerby in the same report remarks that when the Taptie irrigation scheme was first brought forward, it was made to show a profit of 25 per cent, but after being criticised in the *Times* of India, it was returned for revision, and then showed $2\frac{1}{2}$ per cent. In the same report it is stated that no irrigation work in Bengal proper has paid its working expenses, though all were promoted as profitable investments.

We are well aware that the report of the Famine Commission just issued says the net revenue on the total capital expended in irrigation works is 6 per cent, and, if we exclude unfinished works, 7 per cent; but then we must remember the failures of this costly department are turned over to the "Ordinary Public Works," and not allowed for in these estimates.

Mr. Dacosta says that an officer who had been in charge of the accounts of the Public Works Department, told the Indian Finance Committee in 1871 that the Ganges Canal was yielding $7\frac{1}{2}$ per cent upon the capital invested, whilst the accounts since laid before Parliament show that it never was financially profitable, and that at 31st March, 1876, the total loss amounted to £1,490,705.

Perhaps the evidence of Sir T. L. Seccombe, who was for fifty years in the Financial Department of the India Office, and is now Assistant Under-Secretary of State, may assist us in explaining this discrepancy. He says (page 48 of the East Indian Public Works Report, 1879) that the item interest during construction is omitted from the accounts of Productive Public Works, that the form as first prepared at the India Office did include a column for interest, but that it was struck out at the instance of a gentleman who had been connected with the Public Works Department; and that this question of interest is so large that, in regard to such a work as the Ganges Canal, the inclusion of it would probably diminish the profit which is now received from that canal by almost one half. This valuable information was withheld on the plea that "at the present time the account was sufficiently complicated without it!"

Having thus got a Department, costly, and whose returns are misleading—Sir T. L. Seccombe further informs us, that up to 1879 the Financial Department has exercised no check to ascertain whether the works upon which £4,000,000 or £5,000,000 per annum have been expended are really within the compass of the Financial Dispatch, and he believes the expenditure which has been made upon works would be found to comply with the descriptions given in the dispatches in very few cases.

No wonder that the Committee, with such evidence before them, report, that "when your Committee examine the process through which the estimates and plans of large public works pass, previous to their sanction, it is evident to them that no ordeal has been suggested by which, with any certainty, a remunerative return can be ensured."

No small share of the indisposition with which ordinary private Indian commercial enterprises are regarded in England, may be attributed to this Department. Its extravagance and inefficiency destroy the reputation of the country as a field for remunerative investments. It is not enough that its cost should be curtailed; as a working force it should be abolished, and only remain as a consultative council. The effect of its existence is to almost close the door to independent engineers, with nothing but bad results to the country. The presence of independent men would furnish that criticism, the absence of which has been so conspicuous in the past; their desire for employment would ensure activity in originating schemes; the criticism of their fellows, and of the consultative council, would give a guarantee for soundness now lacking, and, financing for themselves, they would relieve Government from responsibility for results, and open up a field for the profitable investment of English capital. There are only 8,545 miles of railway open in all the 1,480,000 square miles of India.

It is not only thus that this Department injures India. Governmental interference is the death of private enterprise. How can a private individual succeed, opposed by the stolidity of a department, whose reputation is staked on the failure of his scheme, or which has officials who have desired to do the work themselves? And we are not without instances of such behaviour in India.

THE CIVIL BUILDINGS AND ROADS BRANCH have done some valuable work, at what cost we cannot say. Up to 1850 no important progress was made in constructing roads, but now there is a very fair network throughout the country. They are of three classes—those raised, bridged, and metalled; those raised and occasionally bridged; and fair weather tracks, available for eight months out of the year.

THE IRRIGATION WORKS are, of course, of first importance, but we must disabuse our minds—a study of the relieve map will assist us—of the ideas that all India can be irrigated, or that all requires irrigation, as the following table will show.

IRRIGATION IN INDIA.

Province.	Area ordinarily Cultivated. Acres.	Secured by Natural Rain Fall. Acres.	Ordinarily Irrigated. Acres.
Punjab.....	21,000,000	6,500,000	5,500,000
North W. Province and Oudh ...	36,000,000	20,000,000	11,500,000
Bengal.....	54,500,000	13,500,000	1,000,000
Central Provinces	15,500,000	15,500,000	770,000
Berar	6,500,000	6,500,000	100,000
Bombay	24,500,000	nil.	450,000
Sindh	2,250,000	500,000	1,800,000
Madras..	32,000,000	6,250,000	7,300,000
Mysore.....	5,000,000	nil.	800,000
	197,250,000	68,750,000	29,220,000

The explanation of irrigated land being found in naturally protected provinces is that the natural rainfall may be amply sufficient for ordinary food crops, and at the same time inadequate for the cultivation of rice.

There are three classes of irrigated land: that supplied from canals, which never fail; that supplied from wells, which may fail; and that supplied from tanks, which can rarely support two consecutive years of drought. The Famine Report, from which the last table is compiled, says that of the irrigated land about eight million acres are protected by the better class of irrigation works, and twelve million by wells.

The average rainfall in India varies from 28 inches in the Deccan to 144 in the Charra-Punji, where, in extreme cases, 100 inches have been known to fall in six weeks, and nearly 600 in a year.

We can only stay to remark that long before our rule irrigation works were provided by the natives, though some of the most magnificent had been allowed to decay. In Mysore there were 38,000 tanks, or reservoirs, and twice that number in Madras, some, such as the Sulikere tank in Mysore, and the Cambam Lake in Karnul, being 40 miles in circumference.

Another point is that all soil will not bear irrigation on account of inherent properties or of the nature of the sub-soil, so that without great care more harm than good may be done by anything like compulsory irrigation. Where suitable it doubles the value

of the land at least, though it requires much more labour expending, and in the Cavari Valley, in Mysore, irrigated land lets as high as £35 per acre, against £2 10s. per acre for best dry land.

THE RAILWAY BRANCH has just the defects of extravagance we have previously alluded to, and that in India is the worst of all faults. Mr. Sowerby points out the Nizam's Railway, constructed by the Government engineer, through a very poor country, which, in his opinion, cost nearly twice as much as it ought to have done, and on which the stations are little palaces—the effect being that the line did not pay, and further railway enterprise was checked in that state.

This seems to contain the secret of the whole thing, the engineers are ambitious to gain a reputation by the grandeur of the works themselves rather than by the remunerative character of the enterprises.

We have now completed our survey ; almost all our statements are founded upon official publications, or publications of officials, and we submit that the examination justifies the views “commonly held, and confidently expressed, that the finances of India have been, especially of late years, unskilfully and imprudently handled, in particular, that funds have been wasted on ill-conceived and therefore unremunerative public works and that unless a change of system takes place, the British nation may have to take over the charge of the Indian Government and the Indian debt, and, secondly, that the resources of the Government, inadequate as they are to secure its solvency, are provided by excessive taxation”



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